

Arkansas Department of Education
~~Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding~~
~~for Public School Districts~~

ARKANSAS DEPARTMENT OF EDUCATION
RULES GOVERNING DECLINING ENROLLMENT AND STUDENT GROWTH FUNDING
FOR PUBLIC SCHOOL DISTRICTS

~~October 2009~~ _____

1.00 ~~Authority~~ AUTHORITY

- 1.01 ~~The Arkansas State Board of Education's authority for promulgating these Rules is promulgates these rules pursuant to Ark. Code Ann. §§ 6-11-105, 6-20-604, 6-20-2203, and 6-20-2301 et seq., and Act 741 of 2017 4501 of the 2009 Regular Session.~~
- 1.02 ~~These Rules~~ rules shall be known as the Arkansas Department of Education (ADE) Rules Governing ~~the Calculation Methods for Declining Enrollment and Student Growth Funding~~ for Public School Districts (Rules).

2.00 ~~Purpose~~ PURPOSE

- 2.01 The purpose of these Rules is to provide ~~the calculation methods for~~ information regarding Declining Enrollment and Student Growth Funding for public school districts.

3.00 ~~Definitions~~ DEFINITIONS

- 3.01 Average Daily Membership (ADM) means the total number of days of school attended plus the total number of days absent by students in ~~grades~~ kindergarten through grade twelve (K-12) during the first three (3) quarters of each school year, divided by the number of school days actually taught in the school district during that period of time, rounded up to the nearest hundredth.
- ~~3.02 Current Fiscal Year means the present fiscal year, in progress, beginning on July 1 and ending on the following June 30.~~
- ~~3.032~~ 3.032 Declining Enrollment Funding means the amount of state financial aid provided to an eligible school district from funds made available for ~~a~~ the decline in the ADM of the school district occurring between the prior fiscal in the preceding school year compared to the school year before the preceding school year and the fiscal year prior to the prior fiscal year.
- ~~3.03~~ 3.03 Excess Net Revenues Plus Calculated Miscellaneous Funds means the amount of net revenues plus calculated miscellaneous funds a school district receives that is greater than the foundation funding amount. Excess net revenues plus calculated miscellaneous funds excludes the amount remitted to the ADE above ninety-eight percent (98%) of assessed value for the uniform rate of tax.
- ~~3.04 Fiscal Year means the annual school year for Arkansas that consists of the twelve month period beginning July 1 and ending on the following June 30.~~

~~3.05 Fiscal Year Prior to the Prior Fiscal Year means the fiscal year preceding the prior fiscal year.~~

~~3.06 Prior Fiscal Year means the fiscal year immediately preceding the current fiscal year.~~

3.04 Net Revenues means actual revenues generated from ad valorem taxes and distributed to a school district multiplied by the ratio derived from dividing the uniform rate of tax by the total millage rate of the school district.

3.075 Quarterly Average Daily Membership means the ADM for one (1) quarter of a school year used for calculating student growth funding pursuant to Section 5.00 of this Rule these Rules.

3.086 Special Needs Isolated Funding means the amount of funding provided for an eligible school district meeting the criteria established in Ark. Code Ann. § 6-20-604.

3.097 Student Growth Funding means the amount of state financial aid provided to an eligible school district from funds made available for the growth in the ADM of the school district occurring between for each current fiscal year sequential quarter beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) over the compared to each corresponding prior fiscal year three-quarter ADM of the school district.

4.00 ~~Declining Enrollment Funding~~ DECLINING ENROLLMENT FUNDING

~~4.01 Declining enrollment funding is provided for to an eligible school district that has experienced a decline in ADM in the prior fiscal year compared to the fiscal year prior to the prior fiscal year.~~

4.021 Declining enrollment funding is equal to the three-quarter ADM of the prior fiscal year, subtracted from the average of the three-quarter ADM of the prior fiscal year and the ADM of the fiscal year prior to the prior fiscal year, multiplied by the current amount of foundation funding per-student established by the General Assembly.

4.032 Pursuant to AR Ark. Code Ann. § 6-20-2305 (a)-(3)-(A), no school district shall receive both declining enrollment funding and special needs isolated funding under AR Ark. Code Ann. § 6-20-604.

4.043 Pursuant to Ark. Code Ann. § 6-20-2305 (a)(3)(C), no No school district shall receive both declining enrollment funding and student growth funding under AR Code Ann. § 6-20-2305. These two funding categories are calculated using ADM data from two different time periods. Therefore, within one fiscal year, it is possible for a school district:

4.043.1 To qualify for declining enrollment funding due to a decline in prior fiscal year three-quarter ADM compared to the three-quarter ADM in the fiscal year prior to the prior fiscal year; and

4.043.2 To qualify for student growth funding due to growth in quarterly ADM beginning with prior fiscal year quarter four (4) and ending with current fiscal year quarter three (3) occurring between one or more of the current fiscal year quarters over the compared to each corresponding prior fiscal year three-quarter ADM of the school district.

- 4.054 The ADE will provide ~~funding of the funding category or categories of funding that yields the most funding to the school district. The ADE will compare by comparing declining enrollment funding to student growth funding plus special needs isolated funding minus excess net revenues plus calculated miscellaneous funds to declining enrollment funding, special needs isolated to declining enrollment funding, or student growth plus special needs isolated funding to declining enrollment funding.~~
- 4.065 Declining enrollment funding is unrestricted funding. However, under ~~AR Ark.~~ Code Ann. § 6-20-2203, by February 15 of each year for each school district receiving declining enrollment funding, the ADE shall submit to the state board, the Governor, and the Senate and House Education Committees, ADE a report listing the amount of declining enrollment funding received under AR Ark. Code Ann. § 6-20-2305(b)(a)(3)(A), how the funds were expended, the amount expended, and any other information required by the ADE. This report shall be submitted through the Arkansas Public School Computer Network (APSCN) in Cycle 9. To enable the tracking of expenditures of declining enrollment funding for these required reports, the funds may not be transferred to another fund prior to expenditure, but must be expended directly from the declining enrollment fund.

5.00 ~~Student Growth Funding~~ STUDENT GROWTH FUNDING

- 5.01 Student growth funding is calculated as the sum of the following amounts:
- 5.01.1 One quarter (1/4) of the current foundation funding amount ~~of~~ per-student ~~foundation~~ as established by the General Assembly multiplied by the increase, if any, in the school district's:
- 5.01.1.1 Previous fiscal year fourth quarter ADM over compared to the fiscal year three-quarter ADM in the year prior to the aforementioned fourth quarter ADM;
- 5.01.1.2 Current fiscal year first quarter ADM ~~over~~ compared to the prior fiscal year three-quarter ADM;
- 5.01.1.23 Current fiscal year second quarter ADM ~~over~~ compared to the prior fiscal year three-quarter ADM;
- 5.01.1.34 Current fiscal year third quarter ADM ~~over~~ compared to the prior fiscal year three-quarter ADM; and
- 5.01.1.45 A final comparison will be made of the ADM from quarters one (1), two (2), and three (3) used in Sections 5.01.1.2, 5.01.1.3, and 5.01.1.4 above. Current fiscal year fourth quarter ADM over prior fiscal year three-quarter ADM. The comparison will check for changes to quarters one (1), two (2), and three (3) ADM from Cycle 6 to Cycle 7 that have an effect on the student growth funding calculation. The comparison will take place after the fiscal year has ended, but any resulting funding adjustments should be coded to the fiscal year just ended.
- 5.02 ~~By January 31 of each fiscal year, the ADE shall calculate an amount of student growth funding using the current fiscal year quarterly ADM for the first quarter and an estimation~~

~~of the ADM for the second, third, and fourth quarters. No less than sixty percent (60%) of this amount will be distributed to eligible school districts by January 31.~~

~~5.03 The estimated ADM for quarters two, three, and four will be calculated by multiplying the current fiscal year quarter one ADM by the respective percentage change in prior fiscal year ADM for quarters two, three, and four over prior fiscal year quarter one ADM.~~

~~5.04 By April 30 of each fiscal year, the ADE shall distribute to eligible school districts, forty percent (40%) of the amount calculated above (or the balance if less than 40% remains).~~

~~5.05 By July 31 of each fiscal year, the ADE shall calculate the amount of student growth funding using the actual quarterly ADM for all four (4) quarters of the applicable school year.~~

~~5.06 By August 31 of the fiscal year following the fiscal year in which the estimated student growth funding is received, if the actual amount is:~~

~~5.06.1 More than the estimated amount, the ADE shall distribute the difference to the school district; or~~

~~5.06.2 Less than the estimated amount, the school district shall refund the difference to the ADE.~~

5.02 If a school district's net revenues minus any repayment of funds to the state above the ninety-eight (98%) URT, plus miscellaneous funds calculated under Ark. Code Ann. § 6-20-2308(b)(1)(A) exceeds the foundation funding amount, a school district shall be eligible to receive the amount of calculated student growth funding that exceeds the net revenues minus any repayment of funds to the state above the ninety-eight (98%) URT, plus miscellaneous funds calculated under Ark. Code Ann. § 6-20-2308(b)(1)(A).

5.073 Increases in ADM resulting solely from consolidation or annexation shall be excluded from the student growth funding calculation.

5.084 No school district shall receive both declining enrollment funding and student growth funding.

5.085 Student growth funding is provided to eligible school districts and open-enrollment public charter schools to help bridge the gap between the foundation funding amount calculated using prior year three-quarter ADM and any quarterly growth in ADM subsequent to the prior-year three-quarter ADM. Local education agencies that receive the foundation funding amount based on current year three-quarter ADM are ineligible for student growth funding.

5.096 Student growth funding is unrestricted funding. However, under Ark. Code Ann. § 6-20-2203, by February 15 of each year for each school district receiving student growth funding, the ADE shall submit to the state board, the Governor, and the Senate and House Education Committees a report listing the amount of student growth funding received under Ark. Code Ann. § 6-20-2305(c)(2), how the funds were expended, the amount expended, and any other information required. To enable the tracking of expenditures of student growth funding for these required reports, the funds may not be transferred to

another fund prior to expenditure, but must be expended directly from the student growth fund.

DRAFT